

Message Text

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ACTION OPIC-06

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FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 4026

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DEPT PASS OPIC FOR J. CULMAN AND B. HENDERSON FROM BANKS

E.O. 11652: N/A

TAGS: EFIN, EINV, GH

SUBJECT: ACCRA PLAINS MEETINGS

1. IN ADDITION TO VISITING PROJECT SITE ON MONDAY WITH VALCO AND IRI REPS, PARTICIPATED IN TWO MEETINGS AT NIB ON PROJECT TO DEFINE PARTICIPANTS' POSITION RE PHASED APPROACH AND AGREE ON TIMETABLE FOR FUTURE EVENTS. GHANAIAN PARTICIPANTS CONFIRM THAT UNLESS IMPLEMENTATION BEGINS BY YEAR-END, GOG MAY REALLOCATE PROJECT SITE FOR ALTERNATE USE.

2. FIRST MEETING WAS BRIEF CEREMONIAL OCCASION AT WHICH OBENG ANSONG (NEW NIB HEAD) WAS FORMALLY INTRODUCED TO KAISER/VALCO, IRI AND OPIC REPS. SUBJECT TO FOLLOWING CONDITIONS, COMMITTED OPIC TO \$250,000 CONVERTIBLE LOAN FOR PHASE 1 (PILOT FARM) ON PRELIMINARY PROPOSED TERMS OF 6 PERCENT INTEREST (DEFERRED TO MATURITY) AND SINGLE REPAYMENT AT MATURITY IN YEAR SIX WITH OPTION TO EXTEND, OPIC TO DECIDE ACTUAL PROPOSED LOAN TERMS AFTER REVIEW OF DRAFT BUDGET AND FINANCIAL PLAN. FIRM OPIC DECISION TO PARTICIPATE IN FINANCING TO BE TAKEN WITHIN ONE MONTH AFTER RECEIPT OF AGREEABLE DRAFT WORK PLAN, BUDGET AND FINANCING PLAN. ALSO PROPOSED OPIC NOMINATION OF ONE BOARD MEMBER, WHICH ANSONG FOUND AGREEABLE.

3. SECOND MEETING INCLUDED BANK OF GHANA AND AGRICULTURAL DEVELOPMENT

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LOPMENT BANK REPS AND MINISTRY OF AGRIC. OBSERVER IN ADDITION ABOVE REPS.

MEETING GOT OFF TO SHAKEY START AS ANSONG PRESSED BOG AND ADB REPS ON BANKS' POSITIONS RE PHASING. REPS UNABLE RESPOND DEFINITELY AS THEIR TOP MANAGERMENTS ALSO RECENTLY CHANGED AND THEREFORE UNFAMILIAR WITH PROJECT HISTORY AND LATEST PLANS. BANK REPS NOTED HOWEVER THAT THEIR FIRM FINANCIAL COMMITMENTS FOR FULL SCALE PROJECT

STILL OUTSTANDING AND SINCE PHASE 1 FINANCING TO BE PART OF THEIR PRESENT COMMITMENTS RATHER THAN IN ADDITION TO THEM, FORSEE LITTLE DIFFICULTY.

4. IRI (HARRINGTON) MADE HIGHLY GENERAL PRESENTATION OF ITS AG EXPERIENCE AND PRODUCTION POSSIBILITIES AT SITE.
COMMENT: (BEGIN C.) SOMEWHAT DISAPPOINTED THAT IN VIEW TIME CONSTRAINT IRI DID NOT ADOPT MORE AGGRESSIVE STANCE AND PROPOSE SPECIFIC TIMETABLE FOR COMMENCING PROJECT BY YEAR-END. ONLY AT MY INSISTENCE DID MEETING APPOINT TECHINCAL SUBGROUP (INCLUDING IRI) TO DEVELOP SPECIFIC PROJECT PLANS. SAUNDERS MENTIONED THAT PLANNED DOLLAR FINANCING (\$500,000) SEEMS INSUFFICIENT AND HE WOULD TRY INCREASE KAISER PORTION; BUT IRI GAVE NO ADVICE ON AMOUNT ACTUALLY REQUIRED. REALIZE THAT HARRINGTON NEW BOY IN TOWN AND NEEDS TIME GET UP TO SPEED; BUT TRIED TO IMPRESS ON HIM THAT AS COLLECTION OF BANKERS AND ALUMINUM CO., WE ALL LOOKING TO HIM TO TRANSLATE OUR GENERAL DESIRES TO DO PROJECT INTO SPECIFIC PLANS AND OPTIONS. (END C.) END COMMENT.

5. DRAFT IRI MANAGEMENT CONTRACT AND SUPLEMENTS TO SUBSCRIPTION AND CONCESSION AGREEMENTS DISTRIBUTED (BEING POUCHED TO HENDERSON). SAUNDERS LEFT JUNE 7 FOR U.S. AND WILL RETURN GHANA FOR JUNE 22 MEETING TO DISCUSS DOCUMENTS.

6. WILL SEND BY COMMENTS ON MGT CONTRACT FROM CAMEROON. SUGGEST YOU REVIEW DOCUMENTS AND GIVE OPIC COMMENTS TO SAUDERS PRIOR HIS UNCLASSIFIED

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DEPARTURE. IF NECESSARY AM PREPARED OUT EUROPE STOP TO RETURN AND PARTICIPATE IN OPIC REVIEW. PLEASE ADVISE. SMITH

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